

## Message Text

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ORIGIN ARA-14

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TO AMEMBASSY PANAMA PRIORITY

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STADIS//////////

E.O. 11652: N/A

TAGS: PEPR, PN

SUBJECT:WEEKLY ACTIVITIES REPORT FEB 6-10

### A. NEW ACTIVITIES

1. SENATE DEBATE: THE PANAMA TASK FORCE HAS BEEN ACTIVELY ENGAGED IN RESPONDING TO REQUESTS BY VARIOUS SENATORS FOR INFORMATION TO BE USED IN CONNECTION WITH THE FLOOR DEBATE WHICH BEGAN FEBRUARY 8. MAJOR ARGUMENTS RAISED BY THE OPPOSITION THUS FAR INCLUDE: ECONOMIC ISSUES, INCLUDING ECONOMIC VIABILITY OF THE CANAL, MAINTENANCE AFTER THE YEAR 2000, ETC; NON-SUBMISSION OF IMPLEMENTING LEGISLATION; HOUSE ROLE IN TRANSFER OF PROPERTY(IN THIS REGARD, 219 MEMBERS OF THE HOUSE HAVE SIGNED DOCUMENT CLAIMING HOUSE ROLE IN TREATY APPROVAL); HOUSE ROLE GIVEN BUDGETARY IMPLICATIONS OF TREATIES FOR US TAXPAYERS;  
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ADEQUACY OF STATEMENT OF UNDERSTANDING, EVEN IF INCORPORATED INTO NEUTRALITY TREATY; STATUS OF \$10 MILLION CONTINGENCY PAYMENT TO PANAMA, PARTICULARLY ACCUMULATED UNPAID BALANCES; FUTURE OF INTEREST PAYMENT TO US TREASURY; AND DEFENSE ARRANGEMENTS AFTER THE YEAR 2000.

2. ECONOMIC ISSUES: ECONOMIC QUESTIONS HAVE PREOCCUPIED THE DESK THIS WEEK.

(A) SECRETARY VANCE, SECRETARY BROWN AND SECRETARY ALEXANDER CO-SIGNED A LETTER WHICH HAS BEEN FURNISHED TO ALL SENATORS RESPONDING TO QUESTIONS ABOUT THE FINANCIAL VIABILITY OF THE CANAL UNDER THE NEW TREATY. A COPY HAS BEEN POUCHED.

(B) THE INTERNATIONAL RESEARCH ASSOCIATE'S (BRANDES) REPORT HAS BEEN PUBLISHED AND RECEIVED IN THE DEPARTMENT. THE ARTHUR ANDERSEN REPORT WILL BE OUT ON MONDAY. EMBASSY WILL RECEIVE COPIES OF BOTH REPORTS SHORTLY.

(C) BRANDES AND KUJAWA (ARTHUR ANDERSEN) GAVE A PRESS BACKGROUNDER AT THE DEPARTMENT ON THURSDAY CONCERNING ECONOMIC QUESTIONS RELATED TO THE TREATY. A COPY OF THE PACKET THAT WAS DISTRIBUTED AT THE MEETING WILL BE POUCHED.

3. M/V PHGH: THE PHGH ARRIVED IN MOBILE, ALABAMA, ON EVENING OF FEBRUARY 6 IN THE CUSTODY OF THE COAST GUARD. THE CREW IS BEING INTERROGATED BY DEA AGENTS AT THE PRESENT TIME. WE DO NOT KNOW WHEN CHARGES MAY BE FILED. DESK WILL KEEP EMBASSY ADVISED.

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4. NARCOTICS SEIZURES: ON FEBRUARY 9, AN INTER-AGENCY GROUP MET TO DISCUSS THE PROBLEMS WHICH AROSE DURING THE SEIZURE OF THE PHGH AND ALSO THE QUESTION OF SHIP SEIZURES IN GENERAL. SOME USEFUL GROUNDWORK WAS LAID, BUT MUCH REMAINS TO BE DONE. DESK WILL KEEP EMBASSY INFORMED OF PROGRESS.

B. FOLLOW-UP TO PREVIOUS REPORTS.

1. OMB MEMO ON CANAL COMMISSION: STILL AWAITING OMB'S NEW DRAFT.

2. CITRICOS: ACCORDING TO CITRICOS' LAWYER, ANDREW NORMANDEAU, DANIEL K. LUDWIG IS TAKING A PERSONAL INTEREST IN DRAWING UP THE VALUATION FOR CITRICOS' LAND IN PANAMA. THIS HAS DELAYED NORMANDEAU'S PLAN TO SEND THE VALUATION TO BARLETTA AND TO FOLLOW UP QUICKLY WITH A FINAL NEGOTIATING SESSION IN PANAMA. VANCE

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Sheryl P. Walter  
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